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UNEMPLOYMENT INSURANCE RULES

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SHARED WORK PROGRAM

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PUBLIC MEETING

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9

October 12, 2004

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1:30 p.m.

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Spokane WorkSource

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130 South Arthur Street

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Spokane, Washington

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1 --oo0oo--

2 JUANITA MYERS: First off, I want to thank
3 you both for attending very much. It's helpful for us
4 when we formulate rules to try to get input from the
5 public as to what the rules should say. Although we have
6 the authority to create rules, it's never good to try to
7 create them in a vacuum. And we appreciate input from the
8 public on how proposed changes would affect them, whether
9 or not people have concerns about the proposed changes,
10 whether we're not going far enough, whether we're going
11 too far, whether it's just right, et cetera.

12 It shouldn't take too long today because
13 there are just the two of you, but we have all afternoon
14 to share and discuss anything that you would like.

15 Just a few housekeeping things first. My
16 name is Juanita Myers. I am the rules coordinator for the
17 Unemployment Insurance Program in the State of Washington.

18 PAT NOVARRA: I'm Pat Novarra, and I'm the
19 Shared Work Plan coordinator.

20 BILL MCDONALD: I'm Bill McDonald. I'm the
21 supervisor of the Shared Work Program.

22 SUSAN HARRIS: And I'm Susan Harris, and I
23 work with Juanita.

24 JUANITA MYERS: And you may have noticed
25 that this meeting is being transcribed. Another Susan is

1 our court reporter. And the reason we do this is we never
2 used to have court reporter at our rules meetings, and
3 what would happen is we'd be trying to talk and take notes
4 frantically at the same time. And sometimes, I'm sure
5 you're aware, that when we'd get back, we'd be confused as
6 to who said what or what exactly was the suggestion we
7 received. And we just feel it's better in the long run to
8 have an accurate record of the testimony we receive or the
9 input we receive from the public on a proposed rule.

10 And if you wouldn't mind taking just a
11 second and introducing yourselves and who you represent if
12 you're here representing another organization.

13 RAE JEAN JONES: My name is Rae Jean Jones,
14 and I work for Varela and Associates.

15 JUANITA MYERS: Do you want to spell your
16 first name?

17 RAE JEAN JONES: R-a-e, J-e-a-n, J-o-n-e-s.

18 JUANITA MYERS: And your company?

19 RAE JEAN JONES: Varela, V-a-r-e-l-a.

20 JUANITA MYERS: And you, sir?

21 MARK LYMAN: My name is Mark Lyman. I'm not
22 sure if I'm in the right meeting.

23 JUANITA MYERS: Okay.

24 MARK LYMAN: I was asked by or I've been
25 talking with Mason Pettit, who was the trade adjustment

1 assistance -- Do you know Mason?

2 JUANITA MYERS: Mm-hmm.

3 PAT NOVARRA: Yes.

4 MARK LYMAN: And I was under the assumption

5 that this meeting was going to be covering the Trade Act

6 Assistance.

7 BILL MCDONALD: You're in the wrong meeting.

8 This is for the Shared Work Program, the rules.

9 MARK LYMAN: My orientation at 1:30,

10 Evergreen Room, October 12th.

11 SUSAN HARRIS: You know, they changed our

12 room last night to this room, so I wonder if his group is

13 so big --

14 BILL MCDONALD: Yeah. They changed us at

15 the last minute so that's probably it. It was nice

16 meeting you anyway.

17 MARK LYMAN: Yes, it was. Thank you.

18 BILL MCDONALD: We've got a captive audience

19 now.

20 JUANITA MYERS: This can be very quick

21 probably then. There's just one person testifying.

22 You've got her name.

23 Just a little bit of background on this.

24 What I'm going to do is go through these bullets very

25 quickly, if we can, and just let you know what we're

1 planning to do with the program. Are you in the Shared
2 Work Program now.

3 RAE JEAN JONES: Right.

4 JUANITA MYERS: The legislature adopted the
5 Shared Work Program in 1983. We're one of 17 states that
6 offer a Shared Work Program. And the intent of the
7 program was to provide employers with some flexibility in
8 managing their work force during times of general economic
9 downturn. A lot of times, and you probably know the
10 reasons behind this too, that employers don't want to lay
11 off their workers or lose their workers is because they
12 have skills they've developed over a period of time, but
13 they have to cut back some hours.

14 And rather than paying the people benefits
15 as they normally would, which we would deduct their
16 earnings from their weekly benefit amount, and sometimes
17 they didn't qualify for any -- they didn't have any
18 balance -- this program pays them a corresponding
19 percentage. So if their hours are cut 20 percent, we pay
20 them 20 percent of their weekly benefit amount regardless
21 of how much they earned that week. It just helps the
22 workers by replacing a portion of their lost wages and
23 enabling them to stay on with that employer for this
24 period of general economic downturn.

25 The reason we have proposed rules for the

1 program, there's a couple reasons behind that. One is
2 this program is very expensive for the State to
3 administer. It takes a staff of anywhere from five to
4 seven individuals to run a program for about 250 to 500
5 employers, depending on any particular recession or what
6 the general economic conditions are.

7 And when we have about 200,000 employers in
8 the state, you can see that's a pretty small number of
9 employers. And we want to keep the program because we
10 think it's a valuable program, but we want to see if we
11 can streamline it and make it a little more cost
12 effective.

13 The second is to clarify policy for the
14 participants because we get a lot of questions from
15 individuals, employers, and from participants in the
16 program, the claimant participants, as to what our various
17 policies mean. We have a lot of terms in the statute that
18 aren't defined. So we're trying to come up with -- define
19 those terms for the public so they know what we mean when
20 we say, you can't cut fringe benefits. What do we include
21 in that? That type of thing. So it's kind of a twofold
22 process.

23 If we look at this bulleted list, the first
24 one is probably one of the most controversial aspects of
25 the program that we are discussing. When we adopted rules

1 several years ago, we limited the number of times an
2 employer could get a plan to three consecutive plans. And
3 the terminology was confusing because if somebody took a
4 couple weeks off in between, then is it any longer a
5 consecutive plan? If they took two plans back to back and
6 then took a gap of a couple weeks, is that really
7 consecutive?

8 But we do believe there needs to be some
9 type of time limit on the amount of time an employer can
10 participate in the program. It's intended to help
11 employers during times of general economic downturn in
12 either overall economy or in a particular industry. It's
13 not intended to be a permanent wage supplement. And
14 before we adopted those rules, we had employers who'd been
15 on the plan as much as 11 or 12 years participating in the
16 plan. And then at that point it becomes a wage supplement
17 at the expense of the other employers. So we talked and
18 we made it three, and we're leaving it at three.

19 We're considering looking at an additional
20 -- you know, leaving it at three but making it --
21 clarifying that once an employer gets three plans, whether
22 they're back to back or not, they have to have at least a
23 12-month waiting period before they could get a fourth.

24 Now, one of the things we have discussed is
25 part of that is allowing writing some flexibilities in

1 there so that if there's an industry that we're able to
2 demonstrate their economic downturn is lasting longer than
3 three years, our commissioner or department can have
4 responsibility to extend that. For example, the airline
5 industry, aerospace has had difficulty ever since
6 September 11th, and they're still experiencing economic
7 difficulty. And we've just recently passed the three-year
8 mark. And so some of those we might be saying there's
9 evidence that shows why they should be able to have more
10 than three plans.

11 But in general we don't think it should be
12 ongoing with no limit because, again, our concern is that
13 it then becomes a permanent wage subsidy where the
14 employer is able to offer lower wages and subsidize
15 through the Unemployment Insurance Program.

16 Did you have any comment or input, concerns
17 about whether that's appropriate or do you think three
18 years is long enough?

19 RAE JEAN JONES: No. That sounds like it
20 would be long enough.

21 JUANITA MYERS: The second bullet we're
22 talking about is creating --

23 RAE JEAN JONES: The employee isn't going to
24 win and really the employer is not winning either because
25 his rate's going to go up as long as he has these

1 employees on unemployment.

2 JUANITA MYERS: Right. But he maxes out at
3 a certain point. There's a cap. So once he reaches that
4 cap, he would continue to pay that maximum for a period of
5 time for as long as he had to, but he wouldn't exceed
6 that. There's a ceiling on how high the tax rate can go.

7 RAE JEAN JONES: Okay.

8 JUANITA MYERS: So our next rule is -- Our
9 next proposed rule is to adopt a new section that says
10 that employees have to have at least a quarter of full
11 time work with that employer before we consider them for
12 program participation. We get a lot of employers who are
13 -- or we get at least some employers who are in the Shared
14 Work Program, and they're continually hiring new staff to
15 come on and be immediately placed in the program.

16 And what the law is talking about employees
17 whose hours are cut. So if you hire them at part time,
18 their hours haven't been cut. And you're not doing this
19 to retain employees with the skills that you need to
20 retain because these are brands new employees. So what
21 we're saying is that we're going to look to see if you've
22 at least worked a quarter for that employer at full time
23 and then we'll consider you for participation in the plan.

24 If you come on immediately, you're hired as
25 a part-time employee, then you would get the regular

1 unemployment benefits of other part-time workers rather
2 than as a Shared Work participant because, again, you were
3 hired part time, your hours weren't cut.

4 Any questions or comments about that one?

5 RAE JEAN JONES: I thought that one was in
6 effect already.

7 JUANITA MYERS: It's policy, but it's not in
8 a rule.

9 BILL MCDONALD: It's not in a rule.

10 JUANITA MYERS: The next rule is just to
11 amend one of our current rules to require that or to
12 provide that employees will be added to a plan during the
13 week in which we get their name from the employer. What
14 happens many times is we will get an employer who said,
15 Oh, this employee is hired -- you know, should have been
16 put on the plan six weeks ago. And then we have to go
17 back in, change our records, sometimes, you know, issue
18 supplemental benefits, there might be an overpayment. It
19 creates a lot of paperwork from our end. And so that's
20 one of the things that we're looking at streamlining our
21 procedures. The week you tell us about it, even if we
22 don't get it to you next week, we don't get it keyed till
23 next week, at least we will make it effective the week we
24 get the name from the employer. So it's just to avoid
25 having to go back and backdate and correct everything.

1 The claims are processed somewhat -- or paid
2 differently for regular unemployment benefits than they
3 are for Shared Work. So it just creates a lot of
4 administrative difficulty for us.

5 The next rule we're proposing is just a
6 definitional section to define what we mean by general
7 economic downturn, to define what we mean by seasonal
8 employers and full-time employee. The law says that the
9 program cannot be used to subsidize seasonal employers who
10 traditionally use part-time employees. So we wanted to
11 define what we mean by full time because sometimes an
12 employer will say to us, I consider 30 hours full time,
13 but it's not anywhere else in the industry so they want to
14 be in the Shared Work Program. They're not really working
15 their employees full time.

16 Or seasonal industries, we do get requests
17 from companies that traditionally have a period of the
18 year where they normally lay people off because their work
19 just goes down. There's many industries: Agriculture,
20 construction, tourism, a host of industries that do that.
21 And the program is not intended for them. It's not
22 supposed to subsidize their wages during their off season.
23 So this is to define what we mean by seasonal employer.

24 Next section is talking about clarifying the
25 fringe benefits that have to be provided by an employer

1 participating in the program. We get a lot of questions
2 around this. And just from employers who are
3 participating, and I think this is probably one of the
4 most difficult ones because we get all kinds of things,
5 employers say we provide retirement benefits, we provide
6 pension plans.

7 BILL MCDONALD: Life insurance, long-term
8 disability, all that stuff.

9 JUANITA MYERS: A variety of things like
10 that. But there's only specific things that are required
11 by the law to be maintained.

12 RAE JEAN JONES: What are they?

13 BILL MCDONALD: Health benefits, for one.

14 JUANITA MYERS: Let's see. Retirement
15 benefits, paid vacation, holidays, and sick leave. And
16 the law is a little bit different between how they treat
17 health benefits and how they treat all the other fringe
18 benefits. Discounting health benefits, other fringe
19 benefits have to be provided on the same basis as they
20 were prior to the participation in the Shared Work Plan.
21 For example, if an employer says, For every 40 hours you
22 work, you earn two hours of vacation. That's just an
23 example. So after Shared Work they go down to 20 hours a
24 week, now it takes them two weeks to earn that 40 hours.
25 That's still not a change in the way their vacation or

1 sick leave is accrued. It just will take them longer to
2 accrue it. But it is still being provided on the same
3 basis as before.

4 But the law says health benefits may not be
5 reduced. If an employer says, By participating in the
6 Shared Work Plan, we're only going to pay half your
7 medical coverage now because we're cutting you from 40 to
8 20, you can't do that. The health benefit must remain the
9 same as it was before. So that's a little different how
10 health care is treated than the others. I think part of
11 the rule will clarify that.

12 While we have AG opinions saying that, those
13 aren't accessible to the general public. One of the
14 benefits of rules is to let the public know in as clear a
15 language as we can make it how we administer the program
16 and what our policies are. So it's for your protection
17 and, again, it provides guidance to us. But it will spell
18 out what has to be provided, the conditions under which it
19 must continue to be provided by the employer. And then by
20 default the fringe benefits that aren't listed you could,
21 if you wanted to, I mean, we don't have any jurisdiction
22 over those, if you needed to, you could reduce those or
23 eliminate them entirely.

24 RAE JEAN JONES: Okay.

25 JUANITA MYERS: The next section -- I'm

1 sorry. Did you have a question?

2 RAE JEAN JONES: This was confusing,
3 vacation, holiday, and sick leave, as far as the reporting
4 part because we'd get documentation that if you pay this
5 or not just say no that you haven't received that.

6 BILL MCDONALD: You may be getting that
7 confused with the work search requirement. We instruct
8 them to say, no, they don't have to do a work search.
9 That may be the confusion. I don't know. I'll have to go
10 back and look at the paperwork then before I expound on
11 it.

12 JUANITA MYERS: And I can give you a copy of
13 my card and you can certainly e-mail me with any questions
14 you have.

15 BILL MCDONALD: The thing we changed
16 recently in the vacation, holiday, paid, sick arena is
17 that we got a clearance from policy to have them report it
18 under regular work hours and earnings. That's the change
19 that you're speaking of. That makes it a lot easier on
20 our end. And because it is paid by the total number of
21 hours worked, which is including paid vacation, holiday,
22 and sick, reporting them all under work works great for
23 our program. I think that's maybe what you're thinking.

24 RAE JEAN JONES: Basically you just want
25 this to be on the fringe benefit list for an employer to

1 be qualified for the program.

2 JUANITA MYERS: Right. This rule would just
3 tell the employer what they have to continue to provide.
4 But as far as how the claimants report their hours, the
5 number of hours they're paid by the employer is what we
6 want them to report and just report it under one. We
7 don't care whether it's vacation, sick leave, holiday pay,
8 or regular work time because we pay them based on their
9 number of paid hours compared to full time.

10 So if they get paid for 30 hours and the
11 definition of full-time work is 40 hours, regardless of
12 what goes into that 30 hours, we're going to pay them
13 25 percent from their unemployment benefits instead of
14 25 percent reduction from 40 to 30. So it just makes it,
15 as Bill said, it makes it easier from our perspective to
16 have them report it as one. And hopefully from yours too.
17 If you paid them for 30 hours this week and without having
18 to parse down X hours for work, X hours for vacation, X
19 hours for sick.

20 BILL MCDONALD: Of course, the operative
21 word there is paid. If they're taking vacation without
22 the employer paying them, then that's a different story
23 and they may not be eligible because they're not available
24 for all work the employer has offered to them. It becomes
25 a different scenario when it's not paid.

1 JUANITA MYERS: Right. If you've got them
2 on leave without pay for whatever reason.

3 BILL MCDONALD: They have to be available
4 for all work the employer has.

5 RAE JEAN JONES: All right.

6 JUANITA MYERS: The next bullet, again, is
7 one just to streamline for our purposes is to create a
8 rule that requires employers in the plan to let us know in
9 advance when they're changing their tax account number or
10 their business name. And the reason for that is that we
11 pay based on the employer, and the employer is identified
12 by a particular tax account number. And sometimes if one
13 company purchases another company, they just go along just
14 assuming their plan is approved, and it's not, because
15 it's approved for the previous employer.

16 The new employer may not qualify for a
17 variety of reasons. If they've been purchased by a bigger
18 company, the number of people in the plan may not
19 constitute at least 10 percent of their work force. Or
20 they may have already had their three years. There could
21 be a variety of reasons. So that's a real administrative
22 nightmare for us trying to sort that out, get all those
23 employees transferred over to the new employer's account
24 number. It's just very difficult.

25 BILL MCDONALD: I can speak to that too.

1 Where our problem comes in with that too is if we have the
2 wrong number and we're paying them under the wrong tax
3 number. A lot of times it will pay them regular benefits
4 and not Shared Work benefits. We get privy to it maybe a
5 month or two down the road and there's been incorrect
6 payments made on benefits. It could be an underpayment,
7 an overpayment, for that individual. Pat, who is the plan
8 specialist, runs into that quite a bit. We always get
9 notified after the fact. And it's really inaccurate
10 benefit payments under a wrong account number, so it
11 causes us some consternation.

12 JUANITA MYERS: The wrong employer may be
13 getting the tax charges. There may be overpayments and so
14 on.

15 RAE JEAN JONES: The simpler the better.

16 JUANITA MYERS: Yes. We have no objection
17 to create the new employer applying for a new plan, but we
18 do have a problem of them of making the change and not
19 telling us until maybe some claimant wonders why am I not
20 -- and they go look and they say your employer doesn't
21 have a Shared Work Plan. Yes, I did. Oh, we were bought
22 out by so and so. Thanks for telling us.

23 The next bullet is another one that we
24 anticipate possibly having some controversy around is we
25 are proposing a rule to exclude exempt and salaried

1 corporate officers or sole proprietorship owners from
2 Shared Work participation. Part of the intent of the
3 program is to retain an employer's skilled work force by
4 avoiding lay offs. These categories of people, because
5 they're the owners or managers of the company, first off,
6 they're unlikely to be laid off, and there is no way for
7 us to verify the number of hours.

8 For example, if somebody is the corporate
9 president and they say, I'm going to cut my hours by 20
10 percent, well, first off, they don't report hours anywhere
11 and so it's almost impossible to say, well, how much have
12 you cut your hours? They're the owner. They can sign
13 anything they want on the report to us. And it's just
14 been an area of potential abuse for the program. I mean,
15 I don't think the intent of the program was ever to allow
16 a company that's an individual -- a sole proprietorship or
17 a company where the only employees are the four or five
18 corporate officers to lay themselves off, technically, but
19 they pay themselves the same salary or may not because
20 they're salaried employees but report to us they're
21 getting a reduction in hours. And here, would you pay us
22 unemployment benefits to supplement that.

23 Because there is just absolutely no way for us
24 to audit that or verify that to find out how many hours a
25 corporate officer or business owner is working because in

1 reality business owners who own their sole proprietorships
2 are probably putting in a whole lot more than 40 hours a
3 week on their business. And if they're cutting themselves
4 down to 20 hours a week and it's a sole proprietorship,
5 probably the business is not running anymore. I mean, I
6 don't see how you could run a business on your own.

7 RAE JEAN JONES: When you talk about exempt
8 salaried corporate officers, are these people being --

9 JUANITA MYERS: They're not required to be
10 covered under unemployment. They could elect coverage,
11 but the law doesn't require they be covered. And that's
12 basically for the for profit business. The nonprofit have
13 to cover their corporate officers.

14 RAE JEAN JONES: Because our corporate
15 officers are covered because we pay unemployment for them.

16 JUANITA MYERS: Any other questions?

17 RAE JEAN JONES: No. I was just wondering.

18 JUANITA MYERS: Next section would require
19 companies to be registered in Washington State for at
20 least six months prior to applying for the program.
21 Again, the reason for this is if a brand new employer
22 wants to come in and participate in the Shared Work
23 Program, that seems to be outside the legislative intent.

24 I mean, it's to help existing employers retain a skilled
25 work force. And if they're just a brand new employer just

1 new to the State of Washington and just coming on the
2 books and they immediately want to participate in the
3 Shared Work Program, that just seems to run -- to us to
4 run contrary to what the intent of the program was.

5 So we're saying, again, we're looking at the
6 business that's been operating and now experiencing, for
7 whatever reason, some economic difficulties. Then they
8 can apply to participate in the program. But it would
9 seem to create an unfair competitive advantage for one new
10 business over another if one new business was being
11 assisted by the State to help pay their employees' wages
12 while another new business was not.

13 Again, the next one -- a lot of these are to
14 help us in our administration of the program -- it's just
15 to require Shared Work employers to give us the name of
16 whoever their designated employer representative is and to
17 keep it current with us, notify if they make a change. We
18 just need to know when we have a question about the plan
19 or maybe some report that was turned in or some weekly
20 claims or we question somebody's eligibility for
21 participation in the program, we need to have somebody to
22 contact. This is more of a problem with the larger
23 companies where we could be routed all the over the place.
24 But, you know, it's not so much a problem with the smaller
25 employees. But it would just be helpful for us if they

1 designate somebody to be our contact person and keep it
2 current and let us know when it changes.

3 Next section is requiring employers to convert
4 piece rate or commission earnings into an hourly rate of
5 pay. We just have to verify that the employer is paying
6 at least minimum wage. And when they report -- have the
7 claimant report on their weekly rate, piece rate, we can't
8 do that. It's very difficult for us to do that. Or they
9 get paid on commission, they need to convert that to an
10 hourly rate of pay so we can verify that they're at least
11 paying minimum wage because that's a requirement for
12 participation in the program. And also we need it to
13 calculate their Shared Work benefits.

14 RAE JEAN JONES: That would be a nightmare.

15 JUANITA MYERS: Yes. We do have some
16 employers that pay on piece rate, mostly the garment
17 industry.

18 PAT NOVARRA: Manufacturing.

19 JUANITA MYERS: Let the employer do the work
20 because they probably have to verify for Labor and
21 Industries purposes anyway that they're paying minimum
22 wage. So just let us know what the wage is.

23 And the final one is to add some clarification
24 around the reasons the Shared Work Plan could be revoked.
25 We've mentioned some of them already. If they don't let

1 us know that they've changed business ownership in
2 advance. Possibly if they don't let us know that they've
3 changed their contact person. They eliminate the fringe
4 -- any of the fringe benefits that they're required by law
5 to keep, including their health care. Failing to notify
6 us when they -- of a change in the standard 40-hour work
7 week. Can you clarify this one, Bill?

8 BILL MCDONALD: Of course our mainframe
9 system that we pay benefits from back in Olympia is set up
10 for a standard 40-hour work week. Any time an employer
11 recognizes, like in shift work or something, and becomes
12 less than a 40-hour work week, we have to manually go in
13 and designate that in our system in order for the
14 percentage payment of benefits to calculate correctly. It
15 shouldn't be calculated against 40 because now it's 35.
16 We need advance notice of that. And a lot of times the
17 bigger employers that have shift work, they haven't done
18 that. Again, that results in incorrect payments. We need
19 to do that in advance of the 40-hour standard work week
20 change in full because it's initially a manual process
21 that we put it in. But once it's in and the participants
22 or the employees who claim benefits after that, it will
23 calculate correctly based on the full-time work week. But
24 that's something we have to know up front.

25 And all too often some larger employers it's

1 after the fact, so it requires going back and correcting
2 payments, writing overpayments. It's a nightmare. It's a
3 big deal for us. Do you want to add anything to that,
4 Pat?

5 PAT NOVARRA: It's a reason for a
6 revocation.

7 BILL MCDONALD: Well, the 40-hour work week,
8 did I cover it all?

9 PAT NOVARRA: Yes.

10 BILL MCDONALD: That's basically it. It
11 causes us nightmares if it isn't changed up front prior to
12 it happening.

13 JUANITA MYERS: And some of the other
14 reasons are failing to provide us with reports or
15 documentation we need or misrepresentation, such as the
16 employer provides us with false or misleading information
17 which we then use as a basis for approving their Shared
18 Work Plan or they don't report any discrepancies to us in
19 the payments. They know their employees are getting more
20 than they should and just don't let us know. We're not
21 saying that -- You may not know individually.

22 BILL MCDONALD: Well, you should be getting
23 that weekly report, that benefits report, and match them
24 against your payroll records to see if they're reporting
25 their hours correctly.

1 RAE JEAN JONES: That's about all that we
2 can check.

3 BILL MCDONALD: Right. And that's how we
4 calculate payment is based on the total number of hours
5 worked. Whatever they're reporting, once you've checked
6 your payroll records, if there's a discrepancy, we need to
7 know about it to adjust the situation.

8 JUANITA MYERS: If you see somebody normally
9 routinely claiming 20 hours and you know they're working
10 30, you should let us know right away as soon as you
11 become aware of that because they're getting paid 50
12 percent of their benefits instead of 25.

13 BILL MCDONALD: And there's a special form
14 for that. Any time you see that, send it in.

15 RAE JEAN JONES: So far it's been pretty
16 easy. We have one, and I'm the one on it.

17 BILL MCDONALD: How many people do you have
18 on the program?

19 RAE JEAN JONES: Ten. We're a small
20 company.

21 BILL MCDONALD: So it's not too hard to
22 cross check that?

23 RAE JEAN JONES: No.

24 JUANITA MYERS: And that is what we have as
25 proposals. Do you have any other input as to problems

1 you've had with the program or other things you think
2 should be clarified?

3 RAE JEAN JONES: No. I thought it was
4 really simple to join. The people -- I think I've talked
5 to Pat before and another lady, and they were really
6 helpful. They walked me through everything. I can't find
7 anything negative about it.

8 JUANITA MYERS: And as you can see from
9 this, we're tightening up a couple of the things, but most
10 of it is just to try to -- one is to provide clarification
11 for the people we're governing in the program, but the
12 other is to help us administer the program more
13 effectively without having to go back and issue
14 supplemental payments or collect overpayments or transfer
15 employees back and forth. That just creates a lot of
16 extra work for us, and correspondingly it adds cost.

17 RAE JEAN JONES: Right.

18 JUANITA MYERS: We shouldn't have to have as
19 large a number of staff as we do at all times to run this
20 program, I mean, just because it's a difficult program to
21 run, we don't have it out. Most people apply for
22 unemployment benefits through the telecenters, and we run
23 this through central office just because it's a complex
24 program and we do pay people differently than we do any
25 other program.

1 And we're not saying it's all going to make
2 it real easy for us to administer. That's not our goal.
3 We're trying to streamline our procedures to make it less
4 cumbersome for us, easier for the employers and the
5 claimants to understand what their requirements are. It's
6 easier, we feel, to have what the requirements are spelled
7 out in a rule that you can access rather than in our
8 internal policies because that doesn't give you very much
9 notice of what those requirements are unless somebody
10 remembers to tell you. And I think we do. But I think it
11 would be easier all around if it was just spelled out in a
12 rule what our expectations are of an employer and what you
13 can expect from us.

14 BILL MCDONALD: Exactly.

15 PAT NOVARRA: And we're also trying to
16 emphasize the commitment that a contact person needs to
17 make to the program and their employees and in making an
18 effort to understand the program and make sure that the
19 required information is relayed to us in a timely manner
20 and vice versa to the employees. We've had instances
21 where the materials that we've provided have never been
22 distributed and then the employees don't have a full
23 understanding of what's expected of them. So it's just
24 not a matter of appointing somebody, it really does carry
25 quite a responsibility with it for the success of the

1 program or the company.

2 BILL MCDONALD: It's a very important aspect
3 of the program. Well, it's unique to our program too.
4 Unlike any other program, we have an employer rep at each
5 employer and we have a middle person, we have a conduit,
6 we have a liaison that we count on heavily to bring
7 forward any employee concerns, questions, without all the
8 employees calling us at once. So we really rely heavily
9 on employer representatives.

10 JUANITA MYERS: And we really do have a
11 strong commitment to this program. The program is
12 intended to help employers through a rough patch
13 economically. We want to do that and go out and market
14 this program. We're not trying to reduce the number of
15 employers in the plan by any stretch. We're simply trying
16 to say that the program should be administered in a way
17 that it's consistent with its intent, that it provides
18 help to those employers who need it. We're not trying to
19 cut any employer who needs the assistance off from the
20 program. That's not our goal at all.

21 But just to make sure that those employers
22 that do participate recognize what their responsibilities
23 are, that we tell them what our expectations are for
24 ourselves and what we will provide and just make the whole
25 program run a lot more smoothly and more so it serves the

1 purpose it was created for. And that's our whole goal
2 around doing this.

3 We heard some concerns that people were
4 afraid that we were trying to reduce the number of
5 employers, and that's not our goal. We market this
6 program pretty heavily.

7 RAE JEAN JONES: Was that a true tally of
8 500 employers?

9 JUANITA MYERS: We've had 500 at about our
10 peak time. We have about 250 now?

11 BILL MCDONALD: About 250 now. We've had
12 over 500 at peak times statewide.

13 PAT NOVARRA: We have about 17,000.

14 BILL MCDONALD: Over 500 About 17,000
15 participants and everything's been about half of that
16 since about four or five months, especially with aerospace
17 and the wood products industry really went through the
18 roof and then all the subcontractors for aerospace, a lot
19 of manufacturing. That has leveled off somewhat, so we're
20 about half the work load we were. But we're marketing.
21 Hopefully it will pick up.

22 JUANITA MYERS: Because we know there are
23 industries out there having, you know, downturns of their
24 own. The Aluminum industry. There are just different
25 industries that are having difficulties, and we want the

1 program to be available for them.

2 Let your other business folks know that
3 we're not trying to cut people off from the program. We
4 just want to make it more efficient and make sure it
5 serves the purpose that it's intended for.

6 Any other comments or questions or concerns?

7 SUSAN HARRIS: What kind of business is
8 Varela?

9 RAE JEAN JONES: It's a civil engineering
10 company.

11 JUANITA MYERS: Well, that being said, I do
12 again want to express my appreciation for you being here
13 today, and I appreciate your input. It's helpful. A lot
14 of your clarifying questions I think helps us focus on
15 what terminology and so on we need to use in the rules.

16 SUSAN HARRIS: Are we submitting written
17 comments?

18 JUANITA MYERS: Right. If you have written
19 comments, you can send them to me or you can send them to
20 my e-mail address. What we're going to do is we have one
21 more meeting in Seattle on the 20th, and we'll take the
22 comments we receive there and go in and draft the rules
23 and actually give you language to look at and send those
24 out to all the employers, and particularly we'll make sure
25 to notify the people who attended the meetings. And it

1 will probably be back out after the first of the year with
2 actual draft language. And sometimes that helps people
3 focus where their concerns are or questions because if
4 they see the actual language laid out as to what we want
5 to do and what we're intending.

6 RAE JEAN JONES: Do you have a date as to
7 when you're going to implement these new rules?

8 JUANITA MYERS: We hope by next spring. It
9 takes a long time now to get rules adopted because things
10 have tightened up a lot in the Administrative Procedures
11 Act, as they should. The legislature really wants us to
12 get input from the public before State agencies come in
13 and impose rules on the regulated community, which is a
14 legitimate concern.

15 Even those who don't come to the meetings
16 have the opportunity to provide -- they can e-mail me with
17 their comments too.

18 Usually what happens is we'll get more input
19 after we actually come out with a draft rules rather than
20 talking about our ideas, what we want. We will get more
21 input after we are able to actually share the text of what
22 it's going to say and then people go, wait a minute,
23 that's not what I understood, I think this is a little
24 strict or harsh.

25 RAE JEAN JONES: So to this point you

1 haven't had a lot of negative comments?

2 JUANITA MYERS: No.

3 RAE JEAN JONES: It's going to be later?

4 JUANITA MYERS: If there is any, it's going
5 to be later. Okay. And I think that is it. Thank you
6 very much.

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8 (2:21 p.m.)

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1 STATE OF WASHINGTON)
) ss.
 2 COUNTY OF BENTON)

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5 I, Susan J. Millay, do hereby certify that at
 6 the time and place heretofore mentioned in the caption of
 7 the foregoing matter, I was a Certified Court Reporter and
 8 Notary Public for Washington; that at said time and place
 9 I reported in stenotype all testimony adduced and
 10 proceedings had in the foregoing matter; that thereafter
 11 my notes were reduced to typewriting and that the
 12 foregoing transcript consisting of _____ typewritten pages
 13 is a true and correct transcript of all such testimony
 14 adduced and proceedings had and of the whole thereof.

15 I further certify that I am herewith securely
 16 sealing the said original deposition transcript and
 17 promptly delivering the same to Attorney

18 _____.

19 Witness my hand at Kennewick, Washington, on
 20 this _____ day of _____, 2004.

21

22

23 _____
 Susan J. Millay, CCR/RPR
 Certification No. 2743
 24 Certified Court Reporter
 Notary Public for Washington
 25 My commission expires May 9, 2008

